

**GEORGE – LITTLE ROCK COMMUNITY
SCHOOL DISTRICT
INDEPENDENT AUDITOR’S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2013**

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Amy Jurrens	President	2015
Doug Krull	Vice President	2015
Curt Fiedler	Board Member	2015
Ryan Klingenberg	Board Member	2013
Terrence Clark	Board Member	2013
School Officials		
Janel Guse	Superintendent	June 30, 2013
Delinda Kruger	District Secretary/Treasurer and Business Manager	Indefinite
Thomas Whorley	Attorney	Indefinite

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

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EAST, VANDER WOUDE, GRANT & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Education of the
George ó Little Rock Community School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George ó Little Rock Community School District, George and Little Rock, Iowa, as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George ó Little Rock Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary

Comparison Information and the Schedule of Funding Progress for the Early Retiree Plan on pages 6 through 14 and 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George ó Little Rock Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2012 (which is not presented herein) and expressed unqualified opinions on that financial statement. The previous audits for June 30, 2006, 2005, and 2004 were done by another firm, but were in accordance with the standards referred to in the third paragraph of this report, the financial statements for the years ended June 30, 2006, 2005, and 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 27, 2013 on our consideration of George ó Little Rock Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering George ó Little Rock Community School District's internal control over financial reporting and compliance.

East, Vander Woude, Grant & Co., P.C.

East, Vander Woude, Grant & Co., P.C.
Sioux Falls, SD
December 27, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

George ó Little Rock Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 Financial Highlights

- The General Fund revenues decreased from \$5,142,657 in fiscal year 2012 to \$4,791,949 in fiscal year 2013, while General Fund expenditures increased from \$4,652,670 in fiscal year 2012 to \$4,824,324 in fiscal 2013. The District's General Fund balance decreased from \$1,619,067 in fiscal 2012 to \$1,581,692 in fiscal 2013, a 2.31% decrease.
- The fiscal year 2013 decrease in General Fund revenues were attributable to decreases in local taxes and federal revenue. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits.

Using this Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the George ó Little Rock Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report George ó Little Rock Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison to the District's budget for the year, as well as presenting the Schedule of Summary of Funding Progress for the Early Retiree Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and capital project accounts.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

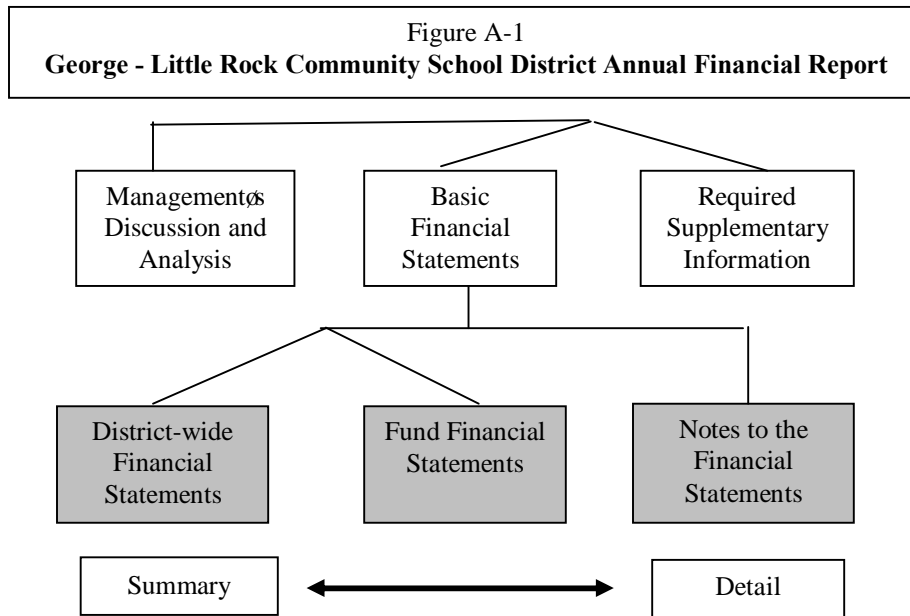


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities covered and the types of information contained.

Figure A-2: Major Features of the District Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and FFA activities
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all

of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is the difference between the District's assets and liabilities is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school building and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's school nutrition program and FFA activities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds is not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the FFA Property Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Government-wide Financial Analysis

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

Figure A-3								
Condensed Statement of Net Position								
(Expressed in Thousands)								
	Governmental		Business type		Total		Total	
	Activities		Activities		Activities		Change	
	June 30,		June 30,		June 30,		June 30,	
	2013	2012	2013	2012	2013	2012	2012 - 2013	
Current and other assets	\$ 6,001	\$ 5,897	\$ 48	\$ 26	\$ 6,049	\$ 5,923	\$ 126	2.13%
Capital assets	6,220	6,353	68	74	6,288	6,427	(139)	(2.16%)
Total assets	12,221	12,250	116	100	12,337	12,350	(13)	(0.11%)
Long-term Liabilities	3,128	3,410	-	-	3,128	3,410	(282)	(8.27%)
Other Liabilities	3,446	3,566	46	33	3,492	3,599	(107)	(2.97%)
Total Liabilities	6,574	6,976	46	33	6,620	7,009	(389)	(5.55%)
Net Position								
Invested in capital assets,								
net of related debt	2,812	2,653	68	74	2,880	2,727	153	5.61%
Nonspendable	160	160	-	-	160	160	-	160.00%
Restricted	1,402	1,149	-	-	1,402	1,149	253	22.02%
Unrestricted	1,273	1,312	2	(7)	1,275	1,305	(30)	(2.30%)
Total net position	\$ 5,647	\$ 5,274	\$ 70	\$ 67	\$ 5,717	\$ 5,341	\$ 376	7.04%

The District's combined net position increased by 7.04% or approximately \$376,000 the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$253,000, or 22.02% from the prior year. The increase was primarily a result of the increased revenues in the Statewide Sales, Services and Use Tax Fund, and Physical Plant and Equipment Levy Fund.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or the legal requirements of decreased approximately \$30,000 or 2.30%. This decrease in unrestricted net position was primarily a result of the decreases in the District's revenues and increases in expenditures in the current year.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012

Figure A-4
Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2013	2012	2013	2012	2013	2012	2012 - 2013
Revenue							
Program revenue:							
Charges for service	\$ 543	\$ 369	\$ 130	\$ 123	\$ 673	\$ 492	36.79%
Operating grants, contributions and restricted interest	941	1,048	123	129	1,064	1,177	(9.60%)
Capital grants, contributions and restricted interest	41	28	2	-	43	28	53.57%
General revenues:							
Property tax	2,804	2,727	-	-	2,804	2,727	2.82%
Local option sales and service tax	358	385	-	-	358	385	(7.01%)
Unrestricted state grants	1,749	1,701	-	-	1,749	1,701	2.82%
Other	(11)	4	17	-	6	4	50.00%
Total revenues	6,425	6,262	272	252	6,697	6,514	2.81%
Program expenses:							
Governmental activities:							
Instruction	3,583	3,313	-	-	3,583	3,313	8.15%
Support service	1,838	1,721	-	-	1,838	1,721	6.80%
Non-instructional programs	-	-	269	273	269	273	(1.47%)
Other expenses	631	515	-	-	631	515	22.52%
Total expenses	6,052	5,549	269	273	6,321	5,822	8.57%
Change in net position	\$ 373	\$ 713	\$ 3	\$ (21)	\$ 376	\$ 692	(45.66%)

In fiscal year 2013, property tax, statewide sales and service tax, and unrestricted state grants account for 76.4% of governmental activities revenue while charges for services and operating grants, contributions and restricted interest accounted for 93% of the business type activities revenue. The District's expenses primarily relate to instruction and support services, which account for 85.76% of the total expenses.

The District's total revenues were approximately \$6.697 million, of which \$6.425 million was for governmental activities and approximately \$272,000 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.81% increase in revenues and an 8.57% increase in expenses. Increases in property tax, state grants and charges for services off set the decreases in federal grants, local option sales and service tax. Increases in expenses were related to instruction, support services and other expenses due to negotiated salaries and benefits and building repairs.

Governmental Activities

Revenues for governmental activities were \$6,424,178 and expenses were \$6,051,356 for the year ended June 30, 2013. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-2013	2013	2012	Change 2012-2013
Instruction	\$ 3,583	\$ 3,313	8.15%	\$ 2,499	\$ 2,245	11.31%
Support services	1,837	1,722	6.68%	1,621	1,556	4.18%
Non-instructional programs	-	-	0.00%	-	-	0.00%
Other expenses	631	515	22.52%	407	304	33.88%
Totals	<u>\$ 6,051</u>	<u>\$ 5,550</u>	9.03%	<u>\$ 4,527</u>	<u>\$ 4,105</u>	10.28%

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$542,699.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$ 981,206.
- The net cost of governmental activities was financed with \$3,162,040 in property and other taxes and \$1,749,142 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$271,758, representing a 7.614% increase over the prior year, while expenses totaled \$269,199, a 1.541% decrease over the prior year. The District's business type activities include the School Nutrition Fund and FFA Property. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and contributions for capital project improvements. The increase in revenues is a result of FFA sale of cattle and meal price increase in the current year. The expenses decrease due to less meals being served.

INDIVIDUAL FUND ANALYSIS

As previously noted, George & Little Rock Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,888,479, an increase of \$240,252. The primary reason for the increase in combined fund balances in fiscal 2013 is due an increase in the Statewide Sales, Services and Use Tax Fund, and Physical Plant and Equipment Levy Fund in revenues.

Governmental Fund Highlights

- The District's change in the General Fund financial position is the result of many factors.

Growth during the year in tax and state foundation aid resulted in an increase in revenues. However, the increase in revenues was more than offset by the District's increase in General Fund expenditures, requiring the District to use carryover fund balance to meet its financial obligations during the year.

- The General Fund balance decreased from \$1,619,067 to \$1,581,692, due, in part, to the negotiated salaries and benefits and existing expenditure commitments of the District.
- The Debt Service Fund balance decreased from \$292,656 in fiscal 2012 to \$237,178 in fiscal 2013. The decrease was due to the amount transfers in from the Statewide Sales, Services and Use Tax Fund in the current year.
- The Capital Projects Fund balance increased due to the increases in local taxes and decreases in amount transfers from the Statewide Sales, Services and Use Tax Fund in the current year. The District ended fiscal 2012 with a \$599,719 balance and ended fiscal 2013 ended with a balance of \$900,542.

Proprietary Fund Highlights

School Nutrition Fund cash balance decreased from \$7,277 at June 30, 2012 to \$6,427 at June 30, 2013, representing a decrease of \$850. This is due primarily from decreases in expenses for this year. FFA Property Fund decreased the cash balance from \$8,776 at June 30, 2012 to \$0 at June 30, 2013, this is due to the purchase of feeder calves and cattle.

BUDGETARY HIGHLIGHTS

The District's receipts were \$281,884 more than budgeted receipts, with a variance of 4.395%. The most significant variance resulted from the increases in local sources from the budgeted amounts.

Total expenditures were less than budgeted, due to the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

The certified budget did not exceed the budget after the budget was amended to cover the expenditures regarding the building repairs and replacement of the fire escape at the Little Rock School building.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$6.287 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 2.18% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$264,340.

The original cost of the District's capital assets was \$10.319 million. Governmental funds account for \$10.093 million, with the remainder of \$.226 million accounted for in the Proprietary and School Nutrition Fund.

The largest change in capital asset activity during the year occurred with addition of \$80,165 in buildings, and \$44,518 of furniture and equipment in fiscal year 2013.

Figure A-6 Capital Assets, net of Depreciation (expressed in thousands)							
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012 - 2013
Land	\$ 49	\$ 49	\$ -	\$ -	\$ 49	\$ 49	0.00%
Buildings	5,067	5,119	-	-	5,067	5,119	(1.02%)
Improvements other than building	87	102	-	-	87	102	(14.71%)
Furniture and Equipment	1,016	1,083	68	74	1,084	1,157	(6.31%)
Totals	<u>\$6,219</u>	<u>\$6,353</u>	<u>\$ 68</u>	<u>\$ 74</u>	<u>\$6,287</u>	<u>\$6,427</u>	(2.18%)

Long-Term Debt

At June 30, 2013, the District had \$3,439,511 in general obligation, revenue and other long-term debt outstanding compared to \$3,708,744 last year. This represents a decrease of 7.259% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$15.7 million.

In March 2005, the District's voters authorized the issuance of \$4,360,000 in general obligation bonds to pay for construction of the additions to buildings in George and Little Rock. At the same time the District issued \$685,000 of local option sales and services tax revenue bonds for the same project. The District refinanced the general obligation bonds in December 2011; this will be used to pay the bonds in 2015. The District had total outstanding bonded indebtedness at June 30, 2013 of \$3,365,000.

The District also had early retirement obligations of \$53,653 at June 30, 2013 with \$21,461 due in FY 2014 and \$32,192 long term.

The District entered into a capital lease agreement for a new tractor in 2012. As of June 30, 2013 the balance of the lease was \$20,858 with \$10,429 due in FY 2014 and \$10,429 long term.

Figure A-7 Outstanding Long-Term Obligations			
	Total School District		Total Change
	June 30,		June 30,
	2013	2012	2012 - 2013
General Obligation Bonds	3,270,000	3,460,000	(5.491%)
Revenue Bonds	95,000	190,000	(50.000%)
Capital Lease	20,859	31,288	(33.332%)
Early Retirement	53,653	27,457	95.407%
Totals	<u>\$ 3,439,512</u>	<u>\$ 3,708,745</u>	(7.259%)

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the District will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment decreased in fiscal year 2012-2013 with a budget enrollment of 470. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2012-2013 school year, George & Little Rock students who open enroll out to other districts increased to 36. Because George & Little Rock is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- During fiscal 2013, the District decided on a one-year contract with George-Little Rock Education Association due to the unknown factors of state funding and number of students enrolled. The District will negotiate a new agreement each year until funding and enrollment stabilizes. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Delinda Kruger, Board Secretary/Business Manager at the George & Little Rock Community School District, 500 E. Indiana Ave., George, IA 51237 or 712-475-3311.

BASIC FINANCIAL STATEMENTS

George – Little Rock Community School District

George - Little Rock Community School District
Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities	Business Type Activities	Totals
Assets			
Cash and cash equivalents	\$ 3,176,420	\$ 6,427	\$ 3,182,847
Receivables:			
Property tax:			
Delinquent	32,079	-	32,079
Succeeding year	2,417,172	-	2,417,172
Local option sales taxes	24,302	-	24,302
Accounts Receivable	53,845	-	53,845
Accrued interest:			
Other	69,570	-	69,570
Due from other governments	197,578	-	197,578
Due from (to) other funds	30,000	(30,000)	-
Inventories	-	41,924	41,924
Capital assets, net of accumulated depreciation	6,219,857	67,510	6,287,367
Total assets	12,220,823	85,861	12,306,684
Liabilities			
Accounts payable	79,381	6,804	86,185
Salaries and benefits payable	429,648	6,315	435,963
Accrued interest payable	21,942	-	21,942
Deferred revenue - other	186,286	2,935	189,221
Deferred revenue - succeeding year property tax	2,417,172	-	2,417,172
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	195,000	-	195,000
Revenue bonds payable	95,000	-	95,000
Capital Lease	20,859	-	20,859
Early retirement	21,461	-	21,461
Portion due after one year:			
General obligation bonds payable	3,075,000	-	3,075,000
Early retirement	32,192	-	32,192
Total liabilities	6,573,941	16,054	6,589,995
Net Position			
Invested in capital assets, net of related debt	2,812,056	67,510	2,879,566
Nonspendable	160,219		160,219
Restricted for:			
Categorical funding	308,734	-	308,734
Debt Service	634,317	-	634,317
Management levy	39,207	-	39,207
Physical plant and equipment	44,497	-	44,497
Student activities	31,710	-	31,710
Capital projects	343,184	-	343,184
Unrestricted	1,272,957	2,297	1,275,254
Total net position	\$ 5,646,881	\$ 69,807	\$ 5,716,688

See notes to financial statements.

George - Little Rock Community School District
Statement of Activities
June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,640,542	\$ 272,066	\$ 417,064	\$ -
Special instruction	541,365	14,939	116,029	-
Other instruction	400,829	252,043	11,779	-
	<u>3,582,736</u>	<u>539,048</u>	<u>544,872</u>	<u>-</u>
Support services:				
Student services	127,949	-	38,362	-
Instructional staff services	213,825	-	-	-
Administration services	655,391	-	-	-
Operation and maintenance of plant services	555,151	3,651	172,903	-
Transportation services	285,411	-	1,790	-
	<u>1,837,727</u>	<u>3,651</u>	<u>213,055</u>	<u>-</u>
Non-instructional programs	-	-	-	-
Other expenses:				
Facilities acquisition	237,498	-	-	40,507
Long-term debt interest	210,623	-	-	-
AEA flow-through	182,772	-	182,772	-
	<u>630,893</u>	<u>-</u>	<u>182,772</u>	<u>40,507</u>
Total governmental activities	<u>6,051,356</u>	<u>542,699</u>	<u>940,699</u>	<u>40,507</u>
Business type activities:				
Non-instructional programs:				
FFA Propety	7,695	9,461	-	-
Food service operations	261,504	120,652	123,116	1,959
Total	<u>\$ 6,320,555</u>	<u>\$ 672,812</u>	<u>\$ 1,063,815</u>	<u>\$ 42,466</u>
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Transfers				
Total general revenues				
Change in net position				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (1,951,412)	\$ -	\$ (1,951,412)
(410,397)	-	(410,397)
(137,007)	-	(137,007)
(2,498,816)	-	(2,498,816)
(89,587)	-	(89,587)
(213,825)	-	(213,825)
(655,391)	-	(655,391)
(378,597)	-	(378,597)
(283,621)	-	(283,621)
(1,621,021)	-	(1,621,021)
-	-	-
(196,991)	-	(196,991)
(210,623)	-	(210,623)
-	-	-
(407,614)	-	(407,614)
(4,527,451)	-	(4,527,451)
-	1,766	1,766
-	(15,777)	(15,777)
(4,527,451)	(14,011)	(4,541,462)
2,475,531	-	2,475,531
328,433	-	328,433
358,076	-	358,076
1,749,142	-	1,749,142
5,661	9	5,670
(16,570)	16,570	-
4,900,273	16,579	4,916,852
372,822	2,568	375,390
5,274,060	67,239	5,341,299
\$ 5,646,882	\$ 69,807	\$ 5,716,689

See notes to financial statements.

George - Little Rock Community School District
Balance Sheet
Governmental Funds
June 30, 2013

Exhibit C

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Assets					
Cash and pooled investments	\$ 1,971,653	\$ 164,336	\$ 871,690	\$ 168,741	\$ 3,176,420
Receivables:					
Property tax:					
Delinquent	22,069	4,337	3,485	2,188	32,079
Succeeding year	1,675,385	325,700	190,926	225,161	2,417,172
Local option sales taxes	-	-	24,302	-	24,302
Accounts	53,845	-	-	-	53,845
Accrued interest:					
Other	-	68,505	1,065	-	69,570
Due from other funds	30,000	-	-	-	30,000
Due from other governments	160,321	-	37,257	-	197,578
Total assets	<u>3,913,273</u>	<u>562,878</u>	<u>1,128,725</u>	<u>396,090</u>	<u>6,000,966</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	79,381	-	-	-	79,381
Salaries and benefits payable	427,786	-	-	1,862	429,648
Deferred revenue:					
Succeeding year property tax	1,675,385	325,700	190,926	225,161	2,417,172
Other	149,029	-	37,257	-	186,286
Total liabilities	<u>2,331,581</u>	<u>325,700</u>	<u>228,183</u>	<u>227,023</u>	<u>3,112,487</u>
Fund balances:					
Nonspendable:	-	160,219	-	-	160,219
Restricted for:					
Debt service	-	76,959	557,358	-	634,317
Categorical funding	308,734	-	-	-	308,734
Management levy	-	-	-	92,860	92,860
Student Activities	-	-	-	31,710	31,710
Public Education Recreation	-	-	-	44,497	44,497
Physical plant and equipment	-	-	343,184	-	343,184
Assigned for					
Casino Funds	265,020	-	-	-	265,020
Unreserved	1,007,938	-	-	-	1,007,938
Total fund balances	<u>1,581,692</u>	<u>237,178</u>	<u>900,542</u>	<u>169,067</u>	<u>2,888,479</u>
Total liabilities and fund balances	<u>\$ 3,913,273</u>	<u>\$ 562,878</u>	<u>\$ 1,128,725</u>	<u>\$ 396,090</u>	<u>\$ 6,000,966</u>

See notes to financial statements.

George - Little Rock Community School District
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2013

Exhibit D

Total fund balances of governmental funds (page 20)	\$ 2,888,479
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Amounts reported for governmental activities in the Statements of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,219,857
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental	(21,942)
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Long-term liabilities, including bonds and notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,439,512)</u>
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Net assets of governmental activities (page 19)	<u><u>\$ 5,646,882</u></u>
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See notes to financial statements.

George - Little Rock Community School District
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
June 30, 2013

Exhibit E

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 1,922,575	\$ 328,433	\$ 746,721	\$ 164,191	\$ 3,161,920
Tuition	84,899	-	-	-	84,899
Other	267,844	7,792	120,428	280,928	676,992
State sources	2,339,456	132	106	67	2,339,761
Federal sources	177,175	-	-	-	177,175
Total Revenues	4,791,949	336,357	867,255	445,186	6,440,747
Expenditures:					
Current:					
Instruction:					
Regular instruction	2,314,951	-	-	273,840	2,588,791
Special instruction	541,365	-	-	-	541,365
Other instruction	400,829	-	-	-	400,829
	3,257,145	-	-	273,840	3,530,985
Support services:					
Student services	115,099	-	12,850	-	127,949
Instructional staff services	174,895	-	-	-	174,895
Administration services	549,833	-	117,890	1,150	668,873
Operation and maintenance of plant services	295,104	-	27,236	99,363	421,703
Transportation services	249,476	-	-	954	250,430
	1,384,407	-	157,976	101,467	1,643,850
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	297,662	26,027	323,689
Long-term debt principal	-	295,429	-	-	295,429
Long-term debt interest	-	207,200	-	-	207,200
AEA flow-through	182,772	-	-	-	182,772
	182,772	502,629	297,662	26,027	1,009,090
Total expenditures	4,824,324	502,629	455,638	401,334	6,183,925
Excess (deficiency) of revenues over (under) expenditures	(32,375)	(166,272)	411,617	43,852	256,822
Other financing sources (uses):					
Operating transfers in (out)	(5,000)	110,794	(110,794)	(11,570)	(16,570)
Total other financing sources (uses)	(5,000)	110,794	(110,794)	(11,570)	(16,570)
Net change in fund balances	(37,375)	(55,478)	300,823	32,282	240,252
Fund balances beginning of year	1,619,067	292,656	599,719	136,785	2,648,227
Fund balances end of year	\$ 1,581,692	\$ 237,178	\$ 900,542	\$ 169,067	\$ 2,888,479

See notes to financial statements.

George - Little Rock Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
- Governmental Funds to the Statement of Activities
Year ended June 30, 2013

Exhibit F

Net change in fund balance - total governmental funds (page 22) \$ 240,252

Amounts reported for governmental activities in the
Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	122,724	
Depreciation expense	(255,965)	(133,241)

Proceeds from issuing long-term liabilities provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issues, as follows:

Issued	-	
Repaid	295,429	295,429

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (3,423)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	(26,195)	(26,195)
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Change in net position of governmental activities (page 19) \$ 372,822

See notes to financial statements.

George - Little Rock Community School District
Statement of Net Position
Proprietary Funds
June 30, 2013

Exhibit G

	School Nutrition	FFA Property	Totals
Assets			
Cash and cash equivalents	\$ 6,427	\$ -	\$ 6,427
Inventories	7,008	34,916	41,924
Capital assets, net of accumulated depreciation	67,510	-	67,510
Total assets	<u>80,945</u>	<u>34,916</u>	<u>115,861</u>
Liabilities			
Accounts payable	-	6,804	6,804
Due to other funds	24,000	6,000	30,000
Deferred revenue	2,935	-	2,935
Salaries and benefits payable	6,315	-	6,315
Total Liabilities	<u>33,250</u>	<u>12,804</u>	<u>46,054</u>
Net Position			
Invested in capital assets, net of related debt	67,510	-	67,510
Unrestricted	(19,815)	22,112	2,297
Total net position	<u>\$ 47,695</u>	<u>\$ 22,112</u>	<u>\$ 69,807</u>

See notes to financial statements.

George - Little Rock Community School District
Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
June 30, 2013

Exhibit H

	School Nutrition	FFA Property	Totals
Operating revenues:			
Local sources:			
Charges for service	\$ 120,652	\$ 9,461	\$ 130,113
Operating expenses:			
Non-instructional programs:			
Operations:			
Salaries	99,308	-	99,308
Benefits	15,294	-	15,294
Purchased services	2,703	-	2,703
Supplies	135,824	7,695	143,519
Depreciation	8,375	-	8,375
Total operating expenses	261,504	7,695	269,199
Operating loss	(140,852)	1,766	(139,086)
Non-operating revenues:			
State sources	2,287	-	2,287
Federal sources	120,829	-	120,829
Interest income	9	-	9
Capital contributions	1,959	-	1,959
Transfers In	5,000	11,570	16,570
Total non-operating revenues	130,084	11,570	141,654
Change in net position	(10,768)	13,336	2,568
Net assets beginning of year	58,463	8,776	67,239
Net assets end of year	\$ 47,695	\$ 22,112	\$ 69,807

See notes to financial statements.

George - Little Rock Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

EXHIBIT I

	School Nutrition	FFA Property	Totals
Cash flows from operating activities:			
Cash received from sales	\$ 121,774	\$ 9,461	\$ 131,235
Cash paid to employees for services	(114,753)	-	(114,753)
Cash paid to suppliers for goods or services	(120,409)	(29,807)	(150,216)
Net cash used by operating activities	(113,388)	(20,346)	(133,734)
Cash flows from non-capital financing activities:			
State grants received	2,287	-	2,287
Federal grants received	105,242	-	105,242
Net cash provided by non-capital financing activities	107,529	-	107,529
Cash flows from capital and related financing activities:			
Capital contributions	6,959	11,570	18,529
Acquisition of capital assets	(1,959)	-	(1,959)
Net cash used by capital and related financing activities	5,000	11,570	16,570
Cash flows from investing activities:			
Interest on investments	9	-	9
Net increase (decrease) in cash and cash equivalents	(850)	(8,776)	(9,626)
Cash and cash equivalents beginning of year	7,277	8,776	16,053
Cash and cash equivalents end of year	\$ 6,427	\$ -	\$ 6,427
Reconciliation of operating loss to net cash used by operating activities			
Operating loss	(140,852)	1,766	(139,086)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Commodities used	15,587	-	15,587
Depreciation	8,375	-	8,375
(Increase) decrease in inventories	2,531	(34,916)	(32,385)
Increase (decrease) in accounts payable	-	6,804	6,804
Increase (decrease) in salaries and benefits payable	(151)	-	(151)
Increase (decrease) in deferred revenues	1,122	-	1,122
Increase (decrease) in due to other governments	-	6,000	6,000
Net cash used in operating activities	\$ (113,388)	\$ (20,346)	\$ (133,734)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013 the District received \$15,587 of federal commodities.

See notes to financial statements.

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

The George ó Little Rock Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of George and Little Rock, Iowa and the predominately agricultural territory in Lyon, Sioux and Osceola Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, George ó Little Rock Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The George ó Little Rock Community School District has no component units, which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements ó The Statement of Net Position and the Statement of Activities report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely, to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements ó Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the main operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the property tax and other revenues to be used for payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The Enterprise ó School Nutrition Fund is used to account for the food service operations of the District. The other Enterprise ó FFA Property Fund is used to account for the FFA cattle raising operations.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications of committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are non-negotiable certificates of deposit which are stated at cost except for investments in the Iowa Schools Joint Investment Trust which are valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the

government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2011 assessed property valuations, is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due from Other Governments ó Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories ó Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets ó Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activity columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipmer	2,500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	100 years
Improvements other than buildings	15 - 50 years
Furniture and equipment:	3 - 15 years

Salaries and Benefits Payable ó Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue ó Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been

recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term liabilities ó In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activity column in the Statement of Net Position.

Fund Equity ó In the governmental fund financial statements, fund balance are classified as follows:

Restricted ó Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal law through constitutional provisions or enabling legislation.

Committed ó Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned ó Amounts which the Board of Education intends to be used for specific purposes that are neither considered to be restricted or committed.

Unassigned ó All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted for the fiscal year 2012-2013 and the District did not exceed its General Fund unspent authorized budget.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$1,033,078 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	School Nutrition	\$ 24,000
General	FFA Property	6,000
		<u>\$ 30,000</u>

The School Nutrition Fund will be repaying the General for an advance to pay expenditures of the Fund when the cash flow improves.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from:	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 10,429
Debt Service	Statewide Sales Tax	100,365
Food Nutrition	General Fund	5,000
FFA Farm Account	Student Activities	11,570
		<u>\$ 127,364</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Program	
Gifted and Talented Program	\$ 47,894
Preschool/State Aid	225,145
Teacher Compensation	959
Professional Development Core Curriculum	31,582
Educator Quality, Professional Development	3,154
	<u>\$ 308,734</u>

(6) **Capital Assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 49,270	\$ -	\$ -	\$ 49,270
Total capital assets not being depreciated	49,270	-	-	49,270
Capital assets being depreciated:				
Buildings	7,193,041	80,165	-	7,273,206
Improvements other than buildings	502,243	-	-	502,243
Furniture and equipment	2,225,683	42,559	-	2,268,242
Total capital assets being depreciated	9,920,967	122,724	-	10,043,691
Less accumulated depreciation for:				
Buildings	2,073,891	131,942	-	2,205,833
Improvements other than buildings	400,584	14,414	-	414,998
Furniture and equipment	1,142,664	109,609	-	1,252,273
Total accumulated depreciation	3,617,139	255,965	-	3,873,104
Total capital assets being depreciated, net	6,303,828	(133,241)	-	6,170,587
Governmental activities capital assets, net	\$ 6,353,098	\$ (133,241)	\$ -	\$ 6,219,857
Business type activities:				
Furniture and equipment	\$ 224,011	\$ 1,959	\$ -	\$ 225,970
Less accumulated depreciation	(150,085)	(8,375)	-	(158,460)
Business type activities capital assets, net	\$ 73,926	\$ (6,416)	\$ -	\$ 67,510
Depreciation expense was charged to the following functions:				
Governmental activities:				
Instruction:				
Regular				\$ 25,555
Support services:				
Instructional staff				43,380
Operation and maintenance of plant				152,049
Transportation				34,981
Total depreciation expense - governmental activities				<u>\$ 255,965</u>
Business type activities:				
Food service operations				<u>\$ 8,375</u>

(7) Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year			Balance End of Year		Due Within One Year
		Additions	Reductions			
Revenue Bonds	\$ 190,000	\$ -	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
General Obligation	385,000	-	190,000	195,000	195,000	195,000
General Obligation	3,075,000	-	-	3,075,000	-	-
Capital Lease	31,288	-	10,429	20,859	10,429	10,429
Early Retirement	27,457	40,000	13,804	53,653	21,461	21,461
Total	\$ 3,708,745	\$ 40,000	\$ 309,233	\$ 3,439,512	\$ 321,890	\$ 321,890

General Obligation Bonds Payable

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year Ending June, 30	Interest Rates	Bond Issue July 1, 2005			Bond Issue December 6, 2011			Totals	
		Series 2005A			Series 2011				
		Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
2014	4%	\$ 195,000	\$ 130,200	\$ 325,200	\$ -	\$ 61,783	\$ 61,783	195,000	191,983
2015	1.25%	-	-	-	260,000	61,783	321,783	260,000	61,783
2016	1.25%	-	-	-	265,000	58,533	323,533	265,000	58,533
2017	1.35%	-	-	-	265,000	55,220	320,220	265,000	55,220
2018	1.60%	-	-	-	270,000	51,643	321,643	270,000	51,643
2019-2023	1.80 - 2.55%	-	-	-	1,480,000	178,753	1,658,753	1,480,000	178,753
2024-2025	2.70 - 2.85%	-	-	-	535,000	20,895	555,895	535,000	20,895
		\$ 195,000	\$ 130,200	\$ 325,200	\$ 3,075,000	\$ 488,608	\$ 3,563,608	\$ 3,270,000	\$ 618,808

Revenue Bonds Payable

Details of the District's June 30, 2013 local option (statewide) sales and services tax revenue bonded indebtedness are as follows:

Year Ending June, 30	Interest Rates	Bond Issue July 1, 2005		
		Series 2005B		
		Principal	Interest	Total
2014	3.10%	\$ 95,000	\$ 1,805	\$ 96,805
		\$ 95,000	\$ 1,805	\$ 96,805

The local option (statewide) sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option (statewide) sales and service tax revenue bonds includes the following provisions:

1. A sinking fund to be established for all proceeds of the local option (statewide) sales and services tax revenue must be deposited.
2. The amounts to be deposited into the sinking fund shall be equal to the amount of

principal and interest coming due on the bonds and any other obligations payable from the local option (statewide) sales and service tax revenues

3. A reserve fund is required to be maintained on deposit an amount equal to the lesser of 10% of the proceeds of the Series 2005B or 125% of the average annual debt service on Series 2005B.

The District did comply with all of the provisions during the year ended June 30, 2013. The required reserve account was established by the District with a balance of \$68,500 and the sinking fund had \$96,824.

During the year ended June 30, 2013, the District made interest payments totaling \$204,950 under the agreements.

Capital Lease

During a prior year the District entered into a capital lease agreement to purchase a tractor. The total cost of the lease is \$46,717.50. The District made a \$5,000 downpayment and will have installments of \$10,429.12 to be made each April 20 until 2015 and the final payment of \$1 made April 20, 2016.

Year	Ending Payment
2014	\$ 10,429
2015	10,429
2016	1
	<u>\$ 20,859</u>

(8) Termination Benefits

The District offered a voluntary early retirement plan to its employees until November 30, 2007. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement was subject to approval by the Board of Directors by February 1 of the applicable year.

Early retirement benefits are a flat \$2,000 per year for 5 years and health insurance payments based on the retirement year rate until the retiree reaches 65 years of age. If health insurance rates go up the retiree will need to pay the difference. There is one retiree remaining from this plan.

In each 2011 and 2012 years the District approved a voluntary early retirement plan to its employees. Each plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement was subject to approval by the Board of Directors by February 1 of the applicable year.

The benefit is \$24,000 paid as a HRA (Health Reimbursement Arrangement) account in three \$8,000 increments by June 30 of each of the next three consecutive years. There was one person that was approved for early retirement for each of the 2011 and 2012 plan years.

At June 30, 2013, the District has obligations to three participants with a total liability of \$53,653. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$13,461. Details of the early retirement obligations at June 30, 2013 are as follows:

Year Ending	Compensation	Health Insurance	Total
2014	\$ 16,000	\$ 5,461	\$ 21,461
2015	16,000	5,461	21,461
2016	8,000	2,731	10,731
	<u>\$ 40,000</u>	<u>\$ 13,653</u>	<u>\$ 53,653</u>

(9) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute, to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members are required to contribute 5.78% of their annual salary and the District is required to contribute 8.67% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$252,454, \$236,550 and \$191,155 respectively, equal to the required contributions for each year.

(10) Other Postemployment Benefits (OPEB)

Plan Description ó The District offers a single-employer early retirement incentive plan which provides health insurance benefits to teachers, administrators, and business managers who are between the ages of 55 and 62 with 15 or more years of service at retirement.

The benefit is in the form of a cash payment, sick leave payout, and medical premium subsidy until the age of 65. The subsidy is in the amount of the single premium at the time of retirement, and retirees are responsible for any increase in the premium. This benefit was replaced in 2011 with a benefit of \$24,000 which is paid as a HRA (health Reimbursement Arrangement) account in three \$8,000 increments by June 30 of each of the next three consecutive years.

Funding Policy ó The District currently finances the postretirement benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation ó The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual OPEB Cost	\$ 71,000
Employer Contributions	<u>(50,000)</u>
Increase in net OPEB obligation	21,000
Net OPEB obligation beginning of year	<u>121,000</u>
Net OPEB obligation end of year	<u>\$142,000</u>

The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$15,760 to the medical plan. Plan members eligible for benefits contributed \$5,278.20 or 25% of the premium costs.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost	Net OPEB Obligation
6/30/13	\$ 71,000	41%	\$ 142,000

Funding Status and Funding Progress ó As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1.333 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.753 million. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions ó Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Early Retiree Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10.00%. The ultimate medical trend rate is 6.00%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected annual premiums of the medical plan for participants range from \$7,499 for a \$200 deductible to \$6,613 for a \$750 deductible. The salary increase rate was assumed to be 3.5%

per year. The UAAL is being amortized over the maximum allowable period of 30 years on an open basis.

(11) Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$182,772 for the year ended June 30, 2013, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(13) Operating Lease

As of June 30, 2013, the District is leasing copiers under operating lease agreement with an office equipment company. The lease was entered into on August 2012 with monthly payments of \$507.48 made on the 6th of each month and the final payment to be made on August 2017. The future minimum payments required for the existing operating leases will be \$6,089.76 for each fiscal years 2014-2017 and \$1,014.96 for fiscal year 2017-2018.

As of July 10, 2012, the District is leasing student laptops under non-cancelable contracts with VAR Resources. The leases have an annual payments totaling \$69,481.82 with the final payments to be made in 2015. The future minimum payments are as follows:

Year Ending June, 30	Principal	Interest	Total
2014	\$ 43,424.78	\$ 26,057.04	\$ 69,481.82
2015	51,091.59	18,390.23	69,481.82
2016	31,854.89	8,971.82	40,826.71
	<u>\$ 126,371.26</u>	<u>\$ 53,419.09</u>	<u>\$ 179,790.35</u>

George – Little Rock Community School District
Required Supplementary Information

George - Little Rock Community School District
 Budgetary Comparison Schedule of Revenues, Expenditure and Changes in Balances -
 Budget and Actual - All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local Sources	\$ 3,923,811	\$ 132,081
Intermediate sources	-	-
State sources	2,339,761	2,287
Federal sources	177,175	120,829
Total revenues	<u>6,440,747</u>	<u>255,197</u>
Expenditures		
Instruction	3,530,985	7,695
Support services	1,643,850	-
Non-instructional programs	-	261,504
Other expenditures	1,009,090	-
Total expenditures	<u>6,183,925</u>	<u>269,199</u>
Excess (deficiency) of revenues over (under) expenditures	256,822	(14,002)
Other financing sources, net	<u>(16,570)</u>	<u>16,570</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	240,252	2,568
Balances beginning of year	<u>2,648,227</u>	<u>67,239</u>
Balances end of year	<u><u>\$ 2,888,479</u></u>	<u><u>\$ 69,807</u></u>

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 4,055,892	\$ 3,634,759	\$ 3,634,759	\$ 421,133
-	-	-	-
2,342,048	2,358,301	2,358,301	(16,253)
298,004	421,000	421,000	(122,996)
6,695,944	6,414,060	6,414,060	281,884
3,538,680	3,738,500	4,000,000	(461,320)
1,643,850	1,636,900	1,800,000	(156,150)
261,504	252,500	275,000	(13,496)
1,009,090	989,074	1,200,000	(190,910)
6,453,124	6,616,974	7,275,000	(821,876)
242,820	(202,914)	(860,940)	1,103,760
-	54,783	54,783	(54,783)
242,820	(148,131)	(806,157)	1,048,977
2,715,466	2,796,731	2,138,705	576,761
\$ 2,958,286	\$ 2,648,600	\$ 1,332,548	\$ 1,625,738

See accompanying independent auditor's report.

George ó Little Rock Community School District
Notes to Required Supplementary Information ó Budgetary Reporting
Year ended June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$658,026.

The District did not exceed the amounts of the amended budgeted and the District did not exceed its General Fund unspent authorized budget.

George ó Little Rock Community School District
Schedule of Funding Progress for the Early Retiree Plan
Required Supplementary Information

Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost	Net OPEB Obligation
6/30/13	\$ 71,000	41%	\$ 142,000

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

George – Little Rock Community School District

Supplementary Information

George - Little Rock Community School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

Schedule 1

	Special Revenue			Total
	Management Levy	Student Activity	Public Education Recreation Levy	
Assets				
Cash and cash equivalents:				
Cash	\$ 90,994	\$ 26,710	\$ 46,037	\$ 163,741
Investments	-	5,000	-	5,000
Receivables:				
Property tax:				
Delinquent	1,866	-	322	2,188
Succeeding year	200,000	-	25,161	225,161
Total assets	292,860	31,710	71,520	396,090
Liabilities and Fund Balances				
Liabilities:				
Salaries and benefits payable	-	-	1,862	1,862
Deferred revenue - succeeding year				
Property tax	200,000	-	25,161	225,161
Other	-	-	-	-
Total liabilities	200,000	-	27,023	227,023
Fund equity:				
Unreserved fund balances	92,860	31,710	44,497	169,067
Total liabilities and fund balances	\$ 292,860	\$ 31,710	\$ 71,520	\$ 396,090

See accompanying independent auditor's report.

George - Little Rock Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2013

Schedule 2

	Special Revenue			Total
	Management Levy	Student Activity	Public Education Recreation Levy	
Revenues:				
Local sources:				
Local tax	\$ 140,057	\$ -	\$ 24,134	\$ 164,191
Other	4,408	252,135	24,385	280,928
State sources	57	-	10	67
Total revenues	144,522	252,135	48,529	445,186
Expenditures:				
Current:				
Instruction:				
Regular instruction	23,491	245,859	4,490	273,840
Support services:				
Administration Services	1,150	-	-	1,150
Operation and maintenance of plant services	91,613	-	7,750	99,363
Student Transportation	-	-	954	954
Other expenditures:				
Facilities acquisition	-	-	26,027	26,027
Total expenditures	116,254	245,859	39,221	401,334
Excess (deficiency) of revenues over (under) expenditures	28,268	6,276	9,308	43,852
Other financing sources (uses):				
Operating transfers	-	(11,570)	-	(11,570)
Total other financing sources (uses)	-	(11,570)	-	(11,570)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	28,268	(5,294)	9,308	32,282
Fund balances beginning of year	64,592	37,004	35,189	136,785
Fund balances end of year	92,860	31,710	44,497	169,067

See accompanying independent auditor's report.

George - Little Rock Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2013

Schedule 3

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Annual	2,583	6,955	5,250	-	4,288
Resale	-	32,588	30,032	(2,200)	356
General	-	39,972	39,834	-	138
Athletics	-	30,861	12,668	(18,193)	-
Baseball	-	1,854	5,670	3,816	-
Basketball:					
Boys	-	6,718	4,084	(2,589)	45
Boys Fundraiser	396	2,951	4,189	1,000	158
Girls	-	10,309	7,667	(2,597)	45
Girls Fundraiser	77	5,162	5,407	1,000	832
Track:					
Boys	-	468	4,284	3,856	40
Girls	-	321	1,025	744	40
Softball	-	3,242	6,499	3,497	240
Softball Fundraiser	-	1,000			1,000
Wrestling	-	1,051	5,418	4,367	-
Wrestling Fundraiser	125	-		-	125
Football	-	-	2,617	2,617	-
Golf:					
Boys	-	-	1,121	1,121	-
Girls	-	-	1,061	1,061	-
Volleyball	-	13,928	12,597	(1,331)	-
Cross Country	-	1,364	2,667	1,303	-
Cheerleaders	-	980	1,123	143	-
Music - Vocal	-	4,425	5,814	1,389	-
Music - Instrumental	-	2,643	2,710	67	-
Music Boosters	343	-	-	-	343
Faculty	2,872	5,130	5,337	-	2,665
Future Farmers of America	1,429	25,510	26,544	(370)	25
Future Farmers /Savings	11,209	10	11,570	370	19
National Honor Society	603	1,081	346	-	1,338
MS Student Council	370	-	-	-	370
HS Student Council	2,661	2,551	2,693	-	2,519
Broadway Bound	-	16,212	16,091	-	121
Investor Group	1,849	-	-	-	1,849
Drama Club	-	7,602	7,975	373	-
Interest on Investments	-	59	-	(59)	-
Athletics Resale	-	-	1,081	1,081	-
Spanish Trip	1,241	-	1,241		-

George - Little Rock Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2013

Schedule 3

Account	Balance Beginning of Year	Revenues	Expenditures	Intra- Fund Transfers	Balance End of Year
Class of:					
2012	-	-	194	194	-
2013	1,343	-	731	-	612
2014	334	7,231	5,972	-	1,593
2015	767	10	400	-	377
2016	401	-	-	-	401
2017	232	640	512		360
2018	114	970	776		308
2019	-	390	312		78
Insurance	-	525	525		-
NOW Interest	-	34	-	(34)	-
Book Fair - George	738	2,763	1,801		1,700
Magazines	-	1,424	852	-	572
MS Magazines	-	1,939	1,119	(820)	-
MS Yearbook	233	967	954	-	246
MS Reading Program	-	3,327	3,044	-	283
Steve Groenwold Memorial	33	-	-	-	33
Virgil Krull Memorial	233	-	-	-	233
Band Fundraiser	6,217	698	1,852	-	5,063
Workkeys	601	-	-	-	601
Vending Machine	-	-	194	194	-
Promotions - Middle School	-	1,433	617	-	816
Promotions - Elementary	-	2,145	390		1,755
Stem Club	-	2,692	2,569		123
	<u>\$ 37,004</u>	<u>\$ 252,135</u>	<u>\$ 257,429</u>	<u>\$ -</u>	<u>\$ 31,710</u>

See accompanying independent auditor's report.

George - Little Rock Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2013

Schedule 4

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and cash equivalents:			
Cash	\$ 531,991	\$ 339,699	\$ 871,690
Receivables:			
Property tax:			
Delinquent	-	3,485	3,485
Succeeding year	-	190,926	190,926
Local option sales taxes	24,302		24,302
Accrued interest	1,065	-	1,065
Due from other governments	-	37,257	37,257
Total assets	557,358	571,367	1,128,725
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue - succeeding year			
Property tax	-	190,926	190,926
Other	-	37,257	37,257
Total liabilities	-	228,183	228,183
Fund equity:			
Restricted for:			
Debt Service	557,358	-	557,358
Physical plant and equipment	-	343,184	343,184
Total liabilities and fund balances	\$ 557,358	\$ 571,367	\$ 1,128,725

See accompanying independent auditor's report.

George - Little Rock Community School District
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Capital Project Accounts
Year ended June 30, 2013

Schedule 5

	<u>Capital Project Accounts</u>		
	<u>Statewide</u>	<u>Physical Plant</u>	
	<u>Sales,</u>	<u>and</u>	
	<u>Services and</u>	<u>Equipment</u>	
	<u>Use Tax</u>	<u>Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ 358,076	\$ 388,645	\$ 746,721
Other	3,948	116,480	120,428
State sources	-	106	106
Total revenues	<u>362,024</u>	<u>505,231</u>	<u>867,255</u>
Expenditures:			
Current:			
Support services:			
Student Services	-	12,850	12,850
Administration Services	-	117,890	117,890
Operation and maintenance of plant services	-	27,236	27,236
Other expenditures:			
Facilities acquisition	-	297,662	297,662
Total expenditures	<u>-</u>	<u>455,638</u>	<u>455,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>362,024</u>	<u>49,593</u>	<u>411,617</u>
Other financing sources (uses):			
Operating transfers	<u>(100,365)</u>	<u>(10,429)</u>	<u>(110,794)</u>
Total other financing sources (uses)	<u>(100,365)</u>	<u>(10,429)</u>	<u>(110,794)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	261,659	39,164	300,823
Fund balances beginning of year	<u>295,699</u>	<u>304,020</u>	<u>599,719</u>
Fund balances end of year	<u>\$ 557,358</u>	<u>\$ 343,184</u>	<u>\$ 900,542</u>

See accompanying independent auditor's report.

George - Little Rock Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

		Modified Accrual Basis						
		2013	2012	2011	2010			
Revenues:								
Local sources:								
Local tax	\$	3,161,920	\$	3,112,671	\$	2,943,817	\$	2,695,208
Tuition		84,899		70,278		114,611		103,136
Other		676,992		490,898		380,072		360,195
Bonds		-		-		-		-
Intermediate sources		-		-		-		-
State sources		2,339,761		2,341,102		2,413,380		2,178,410
Federal sources		177,175		247,542		277,931		504,774
Total		6,440,747		6,262,491		6,129,811		5,841,723
Expenditures:								
Instruction:								
Regular instruction		2,588,791		2,445,746		2,376,317		2,289,367
Special instruction		541,365		600,023		535,914		558,235
Other instruction		400,829		396,699		446,294		466,432
Support services:								
Student services		127,949		162,686		134,153		99,964
Instructional staff services		174,895		144,457		149,624		114,631
Administration services		668,873		541,375		476,330		544,152
Operation and maintenance of plant services		421,703		387,889		432,611		356,127
Transportation services		250,430		256,637		363,451		215,186
Non-instructional programs		-		-		-		-
Other expenditures:								
Facilities acquisition		323,689		103,703		231,173		69,234
Long-term debt								
Principal		295,429		3,160,429		255,000		250,000
Interest and other charges		207,200		242,572		165,560		174,991
AEA flow-through		182,772		182,442		202,344		199,217
Total	\$	6,183,925	\$	8,624,658	\$	5,768,771	\$	5,337,536

See accompanying independent auditor's report.

2009	2008	2007	2006	2005	2004
\$ 2,517,385	\$ 2,481,924	\$ 2,435,179	\$ 2,220,837	\$ 1,843,801	\$ 1,686,118
91,462	91,439	64,239	108,869	95,412	78,793
343,513	330,738	417,069	454,405	240,651	285,002
-	-	-	5,045,000	43,591	-
-	-	500	1,697	1,344	-
2,564,825	2,554,877	2,246,580	2,238,731	2,134,833	1,941,302
167,328	306,558	498,649	209,369	283,336	179,640
5,684,513	5,765,536	5,662,216	10,278,908	4,642,968	4,170,855
2,387,719	2,388,562	2,291,273	2,177,635	1,981,506	1,838,852
578,651	510,165	497,948	483,495	557,850	571,727
451,958	406,835	376,508	378,093	394,355	292,522
101,281	98,269	90,720	96,344	72,976	48,851
87,340	132,092	72,786	75,428	80,801	75,841
514,709	590,484	557,377	534,224	464,367	628,640
396,540	458,106	411,631	355,349	321,735	250,703
309,019	252,794	309,222	238,468	223,469	193,493
-	74	2,033	-	672	-
154,293	286,978	4,039,507	1,493,337	579,680	287,585
235,000	232,091	217,091	135,000	-	-
184,193	191,992	201,438	180,602	18,360	17,000
178,849	169,411	164,820	155,076	149,090	146,587
\$ 5,579,552	\$ 5,717,853	\$ 9,232,354	\$ 6,303,051	\$ 4,844,861	\$ 4,351,801

See accompanying independent auditor's report.

EAST, VANDER WOUDE, GRANT & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of
George ó Little Rock Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of George ó Little Rock Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered George ó Little Rock Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion of the effectiveness of George ó Little Rock Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of George ó Little Rock Community School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies internal control over financial reporting we consider to be material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-13-A to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the George ó Little Rock Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit is based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

George ó Little Rock Community School District's Responses to Findings

George ó Little Rock Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. George ó Little Rock Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of George ó Little Rock Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

East, Vander Woude, Grant & Co., P.C.

East, Vander Woude, Grant & Co., P.C.
Certified Public Accountants
Sioux Falls, SD
December 27, 2013

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT
Schedule of Findings
Year Ended June 30, 2013

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-13-A Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare the financial statements and accompanying notes to the financial statements that are materially correct. The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The District's inadequate controls over financial reporting result in the likelihood that the District would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

Recommendation ó While we recognize that this condition is not unusual for organization of your size, is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the District and changes in reporting requirements.

Response ó Management and the Board of Education will review and approve for propriety the draft of the financial statements and accompanying notes to the financial statements prepared by the auditors. Due to the District's size, we will accept the risk associated with these conditions based on cost and other considerations.

Conclusion ó Response accepted.

INSTANCES OF NON-COMPLIANCE:

I-13-B The reroofing project did not have sufficient number of days between the hearing notice of the meeting and when the actual meeting did occur as required under Chapters 26.12 and 362.3 of the Code of Iowa.

Recommendation ó While we recognize that the official newspapers do not publish on a daily basis, the District should keep that in mind when setting the dates for public meetings so that meetings held can comply with the Chapters 26.12 and 362.3 of the Code of Iowa.

Response ó Management and the Board of Education will review and approve public meeting dates comply with the Chapters 26.12 and 362.3 of the Code of Iowa.

Conclusion ó Response accepted.

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

Schedule of Findings Year Ended June 30, 2013

Part II: Other Findings Related to Required Statutory Reporting:

- II-13-A Certified Budget ó Expenditures for the year ended June 30, 2013, did not exceed certified budget approved as amended. The District did not exceed its General Fund unspent authorized budget for the year ended June 30, 2013.
- II-13-B Questionable Expenditures ó No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-13-C Travel Expense ó No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-13-D Business Transactions ó One of the board members is also a part-time coach for the District, his salary does not exceed the Iowa State Statute amount.
- II-13-E Bond Coverage ó Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- II-13-F Board Minutes ó No transactions requiring Board approval, which had not been approved by the Board, were noted.
- II-13-G Certified Enrollment ó No variances in the basic enrollment data certified to the Department of Education were noted.
- II-13-H Supplementary Weighting ó No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-13-I Deposits and Investments ó No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-13-J Certified Annual Report ó The Certified Annual Report was certified to the Iowa Department of Education timely.
- II-13-K Categorical Funding ó No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-13-L Electronic Check Retention ó Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District did not receive an image of the back of each cancelled check for several bank accounts in either in an electronic format or paper.
- Recommendation ó The District should obtain and retain images of both the front and back of the cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT
Schedule of Findings
Year Ended June 30, 2013

- II-13-M Statewide Sales and Services Tax ó No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$ 175,317
Statewide sales and services tax revenue		358,076
Expenditures/transfers out:		
School infrastructure		
Land	\$ -	
Buildings	-	
Equipment	-	
Other improvements	-	
Debt service for school infrastructure:		
General obligation debt	(100,365)	
Revenue debt	-	(100,365)
Ending Balance		<u><u>\$ 433,028</u></u>

For the year ended June 30, 2013, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt Service Levy	\$ 0.60982	\$ 107,987